

Message Text

UNCLASSIFIED

PAGE 01 OTTAWA 00828 212335Z

61

ACTION EUR-25

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 EB-11 COME-00 TRSE-00 OMB-01 STR-08 DOTE-00

IO-14 NIC-01 DRC-01 /136 W

----- 045656

P 212248Z MAR 74

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC PRIORITY 3006

INFO AMCONSUL HALIFAX

AMCONSUL MONTREAL

AMCONSUL TORONTO

UNCLAS OTTAWA 0828

E.O. 11652: N/A

TAGS: ESTC, CU, CA

SUBJECT: CUBAN ASSETS CONTROL AND QUEBEC LOCOMOTIVE DEAL.

REF : HALIFAX 58

1. MARCH 20 MONTREAL GAZETTE CARRIED ARTICLE BY SYNDICATED BUSINESS COLUMNIST JOHN MEYER ENTITLED "THE GREAT CUBA ISSUE THAT NEVER WAS" WHICH STATES THAT THERE WAS NO NEED TO MAKE A POLITICAL ISSUE OF MLW CASE.

2. FOLLOWING IS COMPLETE TEXT:

BEGIN TEXT - NOW IT'S OFFICIAL. MLW-WORTHINGTON IS SUPPLYING CUBA WITH 30 LOCOMOTIVES AS IT WAS PREPARED TO DO ALL ALONG PROVIDING THE TERMS OF THE CONTRACT WERE COMMERCIALY ACCEPTABLE. SO WHAT WAS ALL THE FUSS ABOUT? THE DEAL WAS NEVER IN JEOPARDY BECAUSE MLW-WORTHINGTON HAS AN AMERICAN PARENT AND TWO AMERICAN DIRECTORS WHO MIGHT HAVE BEEN LIABLE UNDER THE U.S. TRADING WITH THE ENEMY LEGISLATION. IT WAS ONLY MADE OUT TO BE BY THOSE WANTING

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 OTTAWA 00828 212335Z

TO MAKE AN ISSUE OF IT.

THE U.S. LONG AGO AGREED THAT CANADIAN LAW AND CUSTOM TOOK PRECEDENCE OVER AMERICAN LAW IN THE OPERATIONS OF AMERICAN-OWNED SUBSIDIARIES IN CANADA. CANADA, IN TURN, AGREED NOT TO LET THOSE SAME SUBSIDIARIES ACT AS AGENCIES THROUGH WHICH TO PASS STRATEGIC MATERIALS TO AMERICA'S ENEMIES. THE LOCOMOTIVES HARDLY QUALIFY. NONE OF THIS, HOWEVER, WAS ALLOWED TO STAND IN THE WAY OF MAKING A POLITICAL ISSUE OUT OF IT.

THERE'S STILL THE FALL-OUT TO BE EXPERIENCED IN THE FORM OF LEGISLATION INTENDED TO FORMALLY EXEMPT AMERICAN-OWNED SUBSIDIARIES FROM EXTRA-TERRITORIAL APPLICATION OF U.S. LAW. IT WILL BE AN INTERESTING EXERCISE. HOW DOES THE GOVERNMENT EXPECT TO LEGISLATE AGAINST AMERICAN ACTION TAKEN AGAINST THE AMERICAN-BASED PARENTS OF THOSE SUBSIDIARIES? THE VULNERABILITY OF THE PARENTS IS, AFTER ALL, THE FULCRUM FOR APPLYING LEVERAGE AGAINST THE SUBSIDIARIES.

THAT WAS PRECISELY THE PROBLEM BACK IN THE SIXTIES. IT WAS RESOLVED THEN BY MINISTERIAL AGREEMENT. AS FAR AS IS KNOWN, THAT AGREEMENT STILL STANDS. SO WHY THE NEED FOR LEGISLATION? ANOTHER OCCASION FOR AN EXERCISE IN ANTI-AMERICANISM? THAT'S WHAT IT LOOKS LIKE. OR, LESS CHARITABLY, IS IT ANOTHER EXAMPLE OF THIS GOVERNMENT'S TENDENCY TOWARDS LEGISLATIVE OVERKILL? MORE LIKELY IT'S SOMETHING OF BOTH.

THE CANADIAN CAPACITY FOR SELF-RIGHTEOUSNESS IS NOWHERE MORE IN EVIDENCE THAN WHEN AN ISSUE LIKE THIS IS RAISED. WHY IS THERE SUCH A WILLINGNESS TO ALWAYS ATTRIBUTE THE WORST TO OUR NEIGHBORS? IS IT BECAUSE OF THE DIFFERENCE IN SIZE AND, MORE IMPORTANT, THE ECONOMIC AND POLITICAL POWER OF THE TWO COUNTRIES? IS IT THE INEVITABLE AFTERMATH OF VIETNAM AND WATERGATE? IS IT CANADA'S OWN EMERGING NATIONALISM WITH ITS NEAR HYSTERICAL INSISTENCE THAT CANADIANS ARE DIFFERENT?

WHATEVER THE CAUSE, CANADIAN RESPONSE TO IT IS
UNCLASSIFIED

UNCLASSIFIED

PAGE 03 OTTAWA 00828 212335Z

FREQUENTLY SILLY IN ITS EXTREMES. WHEN THERE IS A LEGITIMATE ISSUE BETWEEN THE TWO COUNTRIES -- ARISING OUT OF BARRIERS, OFTEN INADVERTENT, TO THE EASY MOVEMENT OF PEOPLE, TRADE AND MONEY OVER THE BORDER -- THE CREDENTIALS WE BRING TO ITS RESOLUTION ARE SOMEWHAT QUESTIONABLE AS A CONSEQUENCE. IF WE ARE ALL WE BELIEVE OURSELVES TO BE, OUR RESPONSES SHOULD BE MORE MATURE.

THE MAINTENANCE OF THE ECONOMIC RELATIONSHIP WE HAVE
WITH THE U.S. IS ESSENTIAL TO CANADA'S OWN WELL-BEING
WHETHER WE LIKE IT OR NOT. THAT RELATIONSHIP IS SUBJECT
TO CONTINUOUS ADJUSTMENT. HOW LONG AGO WAS IT WHEN THE CANADIAN
GOVERNMENT WAS CRITICAL OF THE AMERICAN REFUSAL TO TAKE MORE
OF OUR OIL? NOW WE ARE DETERMINED TO ACHIEVE SELF-SUFFICIENCY
IN OIL AT THE EXPENSE OF THOSE EXPORTS. THIS SWING-AROUND MAY
BE NECESSARY BUT TO BE ACCEPTABLE IT NEEDS TO BE ACCOMPLISHED
WITHIN THE FRAMEWORK OF THAT RELATIONSHIP.

SO IT IS WITH OTHER CHANGES TAKING PLACE IN THE TWO
ECONOMIES. THE TWO COUNTRIES ARE TOO INTERDEPENDENT TO HAVE
IT OTHERWISE. WHAT A PITY TO HAVE THAT RELATIONSHIP
COMPROMISED BY A PHONY ISSUE LIKE WHETHER MOW-WORTHINGTON
CAN SELL LOCOMOTIVES TO CUBA. WE'VE MORE THAN ENOUGH TO
DO IN RESOLVING THE REAL ISSUES, LIKE ENERGY SHARING.
END TEXT.
PORTER

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESS COMMENTS, STRATEGIC TRADE CONTROLS, ROLLING STOCK, TRADING WITH THE ENEMY ACT, SUBSIDIARIES
Control Number: n/a
Copy: SINGLE
Draft Date: 21 MAR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974OTTAWA00828
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740060-0693
From: OTTAWA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740326/aaaaaxzs.tel
Line Count: 133
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: HALIFAX 58
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags:
Review Date: 12 JUL 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <12 JUL 2002 by elbezefj>; APPROVED <18 JUL 2002 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CUBAN ASSETS CONTROL AND QUEBEC LOCOMOTIVE DEAL.
TAGS: ESTC, CU, CA, US, MONTREAL GAZETTE, MLW-WORTHINGTON
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005